

NONPROFIT CHECKLIST

This is a simplified version of the steps involved in creating your Main Street program and getting it up and running.

- ☐ Create a **board of directors**
- ☐ Reserve the **organization's name**
- ☐ File **Articles of Incorporation**
- ☐ Apply for **Federal Employer Identification Number**
- ☐ Prepare organization **bylaws**
- ☐ Apply for **federal tax-exempt status**
- ☐ Apply for **state tax-exempt status** (if required)
- ☐ Apply for **state identification number** (if required)
- ☐ **Register** as a charitable organization
- ☐ Obtain a **business license**
- ☐ **Establish** your Main Street office
- ☐ **Hire** a Main Street Director



Create a Board of Directors

(Information provided by *Main Street Guidelines: The Board Member's Handbook* by Kennedy Smith , National Main Street Center)

The board of directors is critical to the success of any nonprofit organization. Ideally, the board should have between 7 and 11 members selected from the following groups:

- downtown retailers,
- professionals and other business people;
- downtown property owners;
- city and/or county government officials;
- the chamber board (not chamber staff);
- heads of neighborhood organizations;
- recognized community leaders;
- local civic organizations, such as the Junior League, Kiwanis and so on;
- preservation or historical societies; and interested citizens.

Officers are usually elected by the organization's membership, and generally include a president, vice president, treasurer and secretary.



Reserve the Organization's Name

Most Main Street programs will use Main Street in their name. Reserving the name ensures that no other organization will be able to use the same name, and many states prevent organizations from registering names that are too similar in a way that would cause confusion. In most cases, you can reserve your business name through your state's Department of State office. You may also want to register a domain name for a web site or web-based e-mail addresses. There are many organizations that can do this for you, one of the most popular is Network Solutions. They can be found at www.netsol.com.



File Articles of Incorporation

Sample Articles of Incorporation can be found in many publications and web sites. Some recommended sites are www.mncn.org, www.mapnp.org, www.wcnwebsite.org, and <http://nonprofit.about.com>. The sample articles will need to be tailored to your specific state requirements and program mission.



Apply for Federal Employer Identification Number

Order Internal Revenue Service Application SS-4. Contact IRS Forms Distribution Center at 800-829-3676 or www.irs.gov. You should apply for the EIN even if the organization will not have any employees.

☐ **Prepare Organization Bylaws**

Sample organizational bylaws can be found at www.mncn.org, www.mapnp.org, and <http://nonprofit.about.com>, and in the Board Members Handbook published by the National Main Street Center. The bylaws will need to be tailored to your specific state requirements and program mission.

☐ **Apply for Federal Tax Exemption**

(Information from the article “Choosing a Tax Exempt Status for Your Main Street Program” by McDuffie Nichols, National Main Street Center)

To obtain the necessary forms to apply for tax exemption, contact the Internal Revenue Service at 877-829-5500 or go to www.irs.gov. The required forms are:

1. Form 8718: User Fee for Exempt Organization Determination Letter Request and **either**
2. Form 1023: Application for Recognition of Exemption for 501(c)(3) Organizations **or**
3. Form 1024: Application for Recognition of Exemption for all other exempt statuses.

These forms can be completed by staff, but some Main Street groups find that the advice of a lawyer is helpful.

Most Main Street programs choose from three kinds of federal tax exempt status:

Section 501(c)(3)

Most Main Street programs that have sought nonprofit status have chosen to apply for exemption under section 501(c)(3) as charitable and/or educational groups.

Most states exempt 501(c)(3) organizations from paying property taxes. In addition, donations to 501(c)(3) groups are deductible as charitable contributions by individual taxpayers. Moreover, most private foundations and federal grant programs will only award grants to 501(c)(3) organizations.

Section 501(c)(4)

Section 501(c)(4) provides federal tax exemption to nonprofit civic leagues and organizations operated exclusively for the promotion of the social welfare. The net earnings of these groups are devoted exclusively to charitable, educational or recreational purposes.

It is not necessary to apply formally to the IRS for recognition of your section 501(c)(4) status, as long as you actually qualify (although some IRS district offices encourage

formal applications on Form 1024). An annual information return (Form 990) should be filed in any case.

Section 501(c)(6)

Section 501(c)(6) of the U. S. Tax Code provides tax-exempt status to "business leagues, chambers of commerce, real estate boards, boards of trade or professional football leagues...(that are) not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual."

The group's income should derive from membership dues and other activities "substantially related to its exempt purpose." Contributions to 501(c)(6) organizations are not deductible as charitable donations, but programs with this status have more freedom to conduct joint advertising and business promotion events.

Further information about tax exempt statuses can be found at the IRS web site, www.irs.gov.

☐ **Apply for State Income Tax Exemption**

Though most states with corporate income taxes waive the payment requirement for groups that qualify for federal tax-exempt status, it should always be confirmed with your state. The best way to find out what your state's requirements are is to contact the Secretary of State's office.

Once an organization is granted state tax exemption, they may also be qualified for property tax exemption or sales and use tax exemption.

☐ **Apply for a State Identification Number**

Some states require that, in addition to a federal employment identification number, you also have a state identification number. Contact the Department of Revenue in your state to find out if you are required to have a state ID number.

☐ **Register as a Charitable Organization**

Registration requirements vary by state. To find out if your state requires registration, and to get the appropriate forms, visit the Unified Registration Statement web site at www.nonprofits.org/library/gov/urs/. As of this writing, only eleven states did not require registration: Colorado, Hawaii, Idaho, Indiana, Iowa, Montana, Nevada, South Dakota, Texas, Vermont and Wyoming. The four states that do require registration but do not have forms on the URS web site, Arizona, Alaska, Utah and Florida, have contact and registration information on the web site.

In addition to registration, most states require annual financial reporting, and some require a yearly renewal. Check with your state to find out what their requirements are. You can find state contact information at the Raffa Financial Services web site, www.raffa.com.

☐ **Set Up Your Main Street Office**

(Checklist prepared by Stephanie Redman of the National Main Street Center)

- Locate office space
- Negotiate lease if needed
- Establish bank account(s)
- Hook up phone/fax/computer lines
- Hook up electricity
- Clean up and decorate space
- Beg, borrow or buy office furniture: desk(s), chairs, filing cabinet(s), meeting table
- Beg, borrow or buy office equipment: computer, printer, scanner, phone, photocopier, fax machine
- Purchase office supplies
- Hire administrative assistant: staff or volunteer
- Select and install sign for Main Street Office
- Publicize and hold open house

☐ **Hire a Main Street Director**

(Prepared by Stephanie Redman of the National Main Street Center)

Steps in Hiring a Main Street Director

- Development of a selection committee
- Development of position description
- Development of position announcement (sample position description and announcement available from the National Main Street Center)
- Advertising of position
- Development of baseline interview questions
- Collection of resumes
- Review of resumes
- Invitation to interview
- Development of candidate-specific interview questions
- Conduct of interviews
- Committee discussion of candidates
- Committee decision on top 2 to 3 choices
- Board interview/review of candidates (if desired)
- Board approval of job offer

- Extension of job offer
- Negotiation of terms of employment
- Final agreement of terms of employment
- Notification to other candidates
- Signature of employment agreement/contract
- Announcement of staff selection